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helping people  
help  
themselves"

Frank O'Bannon, Governor  
State of Indiana

***Office of Medicaid Policy and Planning***

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John Hamilton, Secretary

MEMORANDUM

TO: Governor's Commission on Home and Community-Based Services

FROM: Evelyn Murphy, Director, Long Term Care /s/

RE: Report on the fiscal impact of 300% SSI to Aged & Disabled Waiver program

DATE: February 25, 2003

CC: John Hamilton, Melanie Bella, Steve Cook, Doug Beebe, Andrew Stoner

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Attached is the fiscal impact report requested by the Commission. The report explains a number of policy issues raised by the Commission, including spenddown, cost-effectiveness of waivers, and the impact of the income standard for Aged, Blind and Disabled Medicaid applicants. The Commission also requested information about other State's income standard for this population. This information is provided under separate attachment because I am unsure whether the information is still current.

I want to thank Judith Becherer who continually communicated questions on this topic by Commission members during its meetings; this was helpful in ensuring a comprehensive report. Finally, I want to thank Myers & Stauffer, OMPP's nursing facility rate-setting contractor for their analysis of the impact on nursing facility reimbursement.

This report does not provide any conclusions as to whether the State should adopt the 300% SSI standard for Aged, Blind and Disabled waiver recipients at this time. This decision needs to be made in the context of the overall Medicaid budget and other program changes that may be proposed.



**REPORT TO THE  
GOVERNOR'S COMMISSION ON HOME AND  
COMMUNITY BASED SERVICES**

**ESTIMATING THE FISCAL IMPACT OF INCREASING INDIANA'S  
INCOME ELIGIBILITY STANDARD FOR THE MEDICAID AGED,  
BLIND AND DISABLED (A&D) WAIVER TO 300% OF THE SSI  
AMOUNT**

**February 27, 2003**

**ESTIMATING THE FISCAL IMPACT OF INCREASING INDIANA’S INCOME  
ELIGIBILITY STANDARD FOR THE MEDICAID AGED, BLIND AND  
DISABLED (A&D) WAIVER TO 300% OF THE SSI AMOUNT**

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# **ESTIMATING THE FISCAL IMPACT OF INCREASING INDIANA'S INCOME ELIGIBILITY STANDARD FOR THE MEDICAID AGED AND DISABLED (A&D) WAIVER TO 300% OF THE SSI AMOUNT**

## **I. INTRODUCTION**

This report is in response to the recommendation by the Governor's Commission on Home and Community-Based Services (the Commission) to evaluate the fiscal impact of increasing the income standard for the Medicaid Aged & Disabled (A&D) Waiver to 300% of Social Security Income (SSI). The Commission requested consideration of specific factors that would influence the fiscal impact. The factors include: Medicaid spenddown and patient liability; use of Indiana's CHOICE Program funds; Medicaid waiver program utilization; cost-effectiveness of Medicaid waiver services; and impact of the proposed change on the nursing facility case mix reimbursement system. The Commission also requested a summary of other state Medicaid waiver income criteria) and an explanation of the impact on resource and asset eligibility requirements.

## **II. POLICIES & PROGRAM SUMMARY**

### **1. EXPLANATION OF THE RELATIONSHIP AND EFFECT OF ADOPTING 300% SSI ON THE MEDICAID RESOURCES AND ASSETS REQUIREMENTS FOR ELIGIBILITY**

There is no relationship between the income standard and the asset/resource standard for Medicaid financial eligibility purposes. These are two distinct eligibility requirements and applicants must meet both income and asset/resource standards to meet the financial eligibility requirements for Medicaid.

Resources (commonly referred to as "assets") are defined by Medicaid rule as "real or personal property owned by the applicant or recipient and his spouse or parent(s)" that are available to the individual applicant or recipient.<sup>1</sup> It includes for example, financial instruments convertible to cash like stocks and bonds, and current market value of real estate. The resource/asset limit for Medicaid eligibility is \$1,500 (single)/\$2,250 (couple). Where the spousal impoverishment protection is available, the community spouse's resource limit is between \$17,856 (min) and \$89,280 (maximum). Spousal impoverishment protections apply to applicants of nursing facility services and the Medicaid Assisted Living waiver. In addition, on November 14, 2002 the OMPP requested approval from the Centers for Medicare and Medicaid Services (CMS) to extend the spousal impoverishment protection to Medicaid Aged & Disabled Waiver applicants. The OMPP is awaiting CMS's approval to this waiver amendment.

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<sup>1</sup> 405 IAC 2-3-14.

Under Medicaid rules, the income standard for the Medicaid Aged, Blind and Disabled populations is the SSI standard of \$552 (single) or \$829 (couple).<sup>2</sup> Medicaid income standards are also sometimes characterized by percentage of poverty level as follows:

- ❑ For Federal Fiscal Year (FFY) 2003, 100% SSI monthly income standard is \$552 (single)/\$829 (couple).
- ❑ For FFY 2003, 100% Federal Poverty Level (FPL) is reported annually as \$8,980 (single) and \$12,120 (couple). This equates to monthly standards of about \$748 (single)/\$1,010 (couple).
- ❑ Thus, the Medicaid income standard of \$552 can be characterized in federal poverty level terms as equivalent to about 74% of FPL.
- ❑ The 300% SSI monthly income standard = \$1,656.

Thus, the current monthly income standard for the Aged, Blind and Disabled populations is \$552, which is equivalent to 100% SSI or 74% FPL.

## **2. POLICY DESCRIPTION OF MEDICAID SPENDDOWN**

Indiana Medicaid rule states that “any otherwise eligible applicant or recipient whose countable income exceeds the applicable income limit . . . is eligible for medical assistance for that part of any month after his or her incurred medical expenses equal his or her excess income.”<sup>3</sup> The rule further goes on to say that the individual must provide to the county “for each month in which he or she requests medical assistance, documentary verification of his or her incurred medical expenses for which he or she is currently liable.”

Medicaid eligibility is determined month-to-month (referred to as member months). Therefore, in any month during which the recipient’s income exceeds the income limit, the recipient goes on “spenddown.” Generally, there is little variability in spenddown for a recipient from month to month, so in most cases, the recipient must incur the same amount of excess income on medical expenses to meet his/her spenddown from month to month. An individual becomes eligible only once s(he) has incurred medical expenses equal to his/her spenddown amount. This can occur any day in a given month. Once the individual meets the spenddown amount, the Medicaid program will then begin paying for covered services.

Example: On March 1 Anne has income of \$600, which exceeds the monthly income standard of \$552 by \$48 (i.e.,  $\$600 - \$552 = \$48$ ). Anne has to incur medical expenses totaling \$48 before Medicaid will begin paying for covered services.

Scenario #1: Anne goes to the ABC pharmacy on March 3<sup>rd</sup> and fills 3 prescriptions totaling \$100. Anne has to take the receipt to her county caseworker

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<sup>2</sup> 405 IAC 2-3-18(b).

<sup>3</sup> 405 AIC 2-3-10.

to show that she has in fact incurred medical expenses. On March 3<sup>rd</sup>, the day Anne met her spenddown, Medicaid will then pay \$52 to the pharmacy (i.e.,  $\$100 - \$48 = \$52$ ).

Scenario #2: Anne has a nurse visit on March 3 to check her blood pressure, and she is charged \$30 for the visit. Then on March 4<sup>th</sup> she goes to the pharmacy to pick up her prescription and is charged \$100. On March 3, no Medicaid payment is made for the nurse visit since Anne still has \$18 in spenddown left to meet (i.e.,  $\$48 - \$30 = \$18$ ). But on March 4<sup>th</sup>, she meets her spenddown and Medicaid will pay the pharmacy the difference ( $\$100 - \$18 = \$92$ ).

### **3. IMPACT OF INCOME STANDARD ON ELIGIBILITY FOR MEDICAID WAIVER VS. NURSING FACILITY SERVICES FOR THE AGED, BLIND AND DISABLED POPULATIONS.**

The policy question when dealing with the income standard for the Aged, Blind and Disabled populations who reside in the community is how much *reasonably* an individual needs on a monthly basis to be able to live in a community setting within the limits established for the Medicaid program by federal law or regulation. This helps determine the level at which the income standard should be established, taking into account the fiscal and program implications. The income standard can be set anywhere from some percent of the federal poverty level (FPL) up to 300% SSI (i.e. \$1,656), which is the highest income standard allowable for the Medicaid Aged, Blind and Disabled populations. Most states (34 out of 47 that reported the information) have adopted 300% of SSI as the income standard for the Medicaid Aged, Blind and Disabled home and community-based waiver population. Indiana is one of the few states that have not adopted this standard.

By recommending the "300% SSI" standard it may be inferred that the Governor's Commission on Home & Community-Based Services (hereafter the "Commission") believes that an individual needs at least around \$1,656 on a monthly basis to be able remain at home.

#### **3.1 Impact of Medicaid income standard for institutional vs. community services**

The income standard for the Medicaid Aged, Blind and Disabled populations is the same whether the individual resides in the community or in the nursing facility. So comparing the income standard in the community to nursing facility is only meaningful to the extent that it raises the question of how much income an individual can keep without losing eligibility for Medicaid in one setting compared to the other.

There is, however, a significant difference in how income impacts services. An individual in a nursing facility has all of his/her needs met, including food, shelter, and medical care. As such the only income the individual really needs is

the personal needs allowance (currently at \$52); any excess income (s)he has is applied to the cost of his/her care. The individual remains eligible for Medicaid and pays all excess income, called “patient liability”, to the nursing facility. S(he) does not lose Medicaid eligibility.

In comparison, the current income standard of \$552 for persons who live in the community suggests that the individual only needs \$552 to cover all expenses except medical (including food, clothing and shelter). Hence, any income over and above \$552 must be spent-down (i.e., as medical expenses) before the individual becomes eligible for the Medicaid program. It is this scenario that raises the policy question stated above and that creates a bias in favor of nursing facility services.

The following two sections provide examples of how the Medicaid income standard, though the same for the nursing facility or for the Medicaid Aged and Disabled Waiver populations, significantly impacts eligibility determination for nursing facility vs. waiver services. Please note that income is treated differently at two levels; first, there is treatment of income for regular eligibility, and second there is post-eligibility income treatment. The examples below attempt to illustrate both. Please note that nothing in these examples address resource (asset) eligibility or income deductions or exclusions. These examples are purely intended to establish a common ground in understanding the income standard and its application for community (Medicaid Waiver) vs. institutional (nursing facility) applicants for Medicaid services.

### **3.1.1 Nursing facility eligibility**

The regular Medicaid eligibility standard for a nursing facility applicant is the same as for the Medicaid Aged & Disabled Waiver applicant. The amount is equivalent to the SSI standard of \$552/month. In determining *regular eligibility* for the nursing facility applicant, we look to see if the individual’s medical expenses exceed the difference between the individual’s income and \$552; if so the individual is eligible.<sup>4</sup> So if the monthly income is \$2000, then the calculation for *regular eligibility* is as follows:

$\$2,000 - \$552 = \$1,448$  (if medical expenses exceed \$1,448 monthly, the individual is eligible).

Once the individual enters the nursing home, even as private pay for a couple of months, the individual’s medical expenses very quickly will exceed the \$1,448. Assuming a cost of \$100/day (as an example), the monthly cost of nursing home placement is \$3,000 (\$100 x 30 days). Note that most individuals enter the nursing home before Medicaid eligibility is determined, so their medical expenses more than likely are equivalent to the total nursing facility charge on a monthly basis.

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<sup>4</sup> 405 IAC 2-3-17 and 405 IAC 2-13-18(b).

During *post-eligibility*, the same individual above would pay all his/her income less personal needs allowance (i.e., \$2000 - \$52 PNA = \$1,948) as patient liability to the nursing facility, and Medicaid pays the remainder due.<sup>5</sup> The individual continues to remain eligible for Medicaid.

### **3.1.2 Medicaid Waiver Recipient Eligibility (applicable to all Aged, Blind and Disabled aid categories who seek NF-level waiver services)**

The income standard is the monthly SSI standard of \$552. For *regular eligibility*, assuming the same monthly income of \$2,000, this individual would not be eligible for Medicaid since:

\$2,000 - \$552 = \$1448. The individual would have to spenddown \$1,448 before meeting the Medicaid income eligibility threshold.<sup>6</sup>

Each month thereafter (i.e., *post-eligibility*) this calculation will be made and if the individual has excess income over \$552, the individual would have to spenddown the excess income. In determining whether the individual has met the spenddown, we would only look at *incurred medical expenses*; so the inference is that the individual would be able to live off of \$552 each month for rent, food, shelter etc.

Based on the income standard alone, it is much more affordable for the individual to enter a nursing facility as Medicaid eligibility occurs much sooner.

## **4. DESCRIPTION OF HOW MEDICAID 1915C WAIVER PROGRAM COST-NEUTRALITY IS DETERMINED AND ASSURED**

In order to be approved, federal Medicaid regulation requires, all Medicaid home and community-based (1915c) waivers to be cost-neutral. In other words, the average per person costs for the waiver cannot exceed the average per person costs in the equivalent institutional setting. The cost-effectiveness calculation is based on claims paid according to dates of service for each waiver year. For each waiver program, a State must provide a report (CMS-372) to CMS twice annually (based on waiver year). The initial report is due 6 months after the close of the waiver year. Since the initial report does not provide sufficient time to account for claims lag (especially since the report is by paid date), a second report, called the lag report, is due one year after the initial report (i.e., 18 months after the close of the waiver year).

The cost-neutrality formula is as follows:

$$D + D' \leq G + G'$$

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<sup>5</sup> 405 IAC 2-3-21.

<sup>6</sup> 405 IAC 2-3-10 spenddown.



D, the average annual per capita waiver services expenditures =

$$\frac{\text{Total expenditures for approved waiver services}}{\text{Total unduplicated waiver recipients}}$$

D', the average annual per capita expenditures for all other Medicaid services provided to the waiver recipient =

$$\frac{\begin{array}{c} \text{Total expenditures for medical services for waiver recipients} \\ \text{(i.e., Services provided under the state plan such as} \\ \text{pharmacy, acute care, home health)} \end{array}}{\text{Total unduplicated waiver recipients}}$$

G, the average annual per capita institutional (ICF/MR or NF) services expenditures (excluding any patient liability) =

$$\frac{\text{Total expenditures for institutional services (ICF/MR or NF)}}{\text{Total unduplicated institutional recipients}}$$

G', the average annual per capita non-institutional (ICF/MR or NF) services expenditures for individuals in institutions =

$$\frac{\begin{array}{c} \text{Total expenditures for non-institutional services (ICF/MR or NF)} \\ \text{for the institutionalized recipients} \\ \text{(e.g., pharmacy, acute care, non-routine DME)} \end{array}}{\text{Total unduplicated institutional recipients}}$$

The cost-neutrality formula for SFY 2002 for Indiana Medicaid Aged and Disabled Waiver recipients is summarized in the chart below. These figures will be used as the baseline for determining the fiscal impact of raising the income standard to 300% SSI.

| Per capita costs of Aged & Disabled Waiver recipient (excluding spenddown)                  | Per capita costs of nursing facility resident (excluding patient liability)                       |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| $D + D'$<br>$\$7,583 + \$12,297 = \$19,880$<br><u><math>\\$7,554</math> (state only \$)</u> | $G + G'$<br>$\$20,727 + \$ 5,136 =$<br>$\$25,863$<br><u><math>\\$9,828</math> (state only \$)</u> |

**CAVEAT:** Please note that these costs are based on SFY 2002 incurred data for the initial CMS372 report. These costs will increase as a result of claims lag as well as addition of new services to the Aged & Disabled waiver that occurred during the course of CY2002.

### **III. FISCAL IMPACT OF 300% SSI INCOME STANDARD**

#### **1. SUMMARY**

The following is a general summary of how the fiscal impact of increasing the monthly income standard from the 100% SSI standard of \$552 to the 300% SSI standard of \$1,656 for the Medicaid Aged & Disabled Waiver applicants was determined.

- (i) Identify the number of individuals currently receiving services under the Medicaid Aged & Disabled Waiver, their spenddown amount and the number of months during which they were on spenddown. This is important because increasing the income standard would eliminate excess income, thereby no longer requiring individuals to meet their spenddown. When such individuals no longer have a spenddown, Medicaid is responsible to pay for services.
- (ii) Some Medicaid Aged & Disabled Waiver recipients on spenddown have all or a portion of their spenddown met with CHOICE funds. This is necessary in determining the additional State expenditures that would result from individuals no longer having a spenddown.
- (iii) Determine the number of CHOICE clients who would become eligible for waiver services as a result of this change. CHOICE generally serves a group of individuals at higher income levels, who may also have limitations in 3 ADLs. These individuals would become eligible for the waiver at the 300% SSI income standard.
- (iv) Determine the impact that the income standard has on utilization of Medicaid State Plan services. This is an important consideration, as federal regulations require that Medicaid State Plan services be made available to all Medicaid waiver recipients.
- (v) Determine the short and long-term impact of the increase in eligibility on utilization of nursing facility services. As more individuals are able to remain in the community, it is anticipated that the mix of nursing facility residents will eventually become more acute, which would likely result in an increase in the nursing facility's daily rate.

## **2. MEDICAID A&D WAIVER RECIPIENTS ON MEDICAID SPENDDOWN & CHOICE CLIENTS**

### **2.1 Medicaid Spenddown amounts and number of months on spenddown**

The following data is based on State Fiscal Year (SFY) 2002 paid claims data

- ❑ A total of 257 Medicaid Aged & Disabled Waiver recipients had a spenddown.
- ❑ The total spenddown amount for all 257 individuals was about \$1.1 million.
- ❑ Their spenddown amount ranged from a low of \$4 per month to \$1,490 per month.
- ❑ The spenddown amount for each individual was not variable from month-to-month.
- ❑ The range of months during which these individuals were on spenddown was from 1 month to 12 months. The 257 recipients were on spenddown for a total of 1,942 member months. The mean member month during which an A&D waiver recipient was on spenddown in SFY 2002 was 7 months.

### **2.2 Medicaid Spenddown recipients & CHOICE**

Increasing the income standard for the Medicaid Aged & Disabled waiver to 300% SSI has the following results: (1) current Aged & Disabled waiver recipients no longer have a spenddown; (2) some CHOICE clients who are otherwise eligible for the Medicaid waiver but for the current income standard would become eligible; and (3) Medicaid expenditures will increase due to the number of CHOICE clients moving to the Medicaid waiver and waiver recipients coming off spenddown.

#### **2.2.1 Additional State expenditures resulting from removal of current Medicaid Aged & Disabled waiver recipients from spenddown**

Of the 257 individuals on Medicaid spenddown, only 75 were receiving CHOICE funded services during the same period. Although specific data is not readily available to reach a conclusion, it can be assumed that CHOICE funds were utilized to pay for services to meet the individual's spenddown, if the services funded by CHOICE qualify as medical services for purposes of meeting the spenddown.

- ❑ The total spenddown amount for waiver recipients was \$1.1 million.
- ❑ The amount of CHOICE funds paid for those 75 individuals was \$196,026. The median CHOICE payment for the 75 individuals is \$1,483.
- ❑ Assuming that all \$196,026 was to assist the individual in meeting the spenddown, then CHOICE funds were used to meet part or all of the spenddown for 29% of all individuals on the Medicaid Aged & Disabled waiver who had a spenddown (i.e. 75/257).

- Furthermore, CHOICE funds were used to meet 18% (\$196,026/\$1.1million) of the total spenddown for all A&D waiver recipients.

During the time before individuals meet their spenddown, Medicaid does not cover the costs of waiver services or state plan services. Therefore the added cost to the Medicaid program is as follows:

Per capita State expenditures for waiver recipients less CHOICE funds currently spent on a Medicaid waiver recipient on spenddown (using the median)

$$\$7,554 - \$1,483 = \$6,071$$

Total additional State expenditures for individuals who would become eligible by virtue of the increase in income standard to 300% SSI resulting in zero spenddown for these individuals

$$\$6,071 \times 257 = \underline{\$1.56 \text{ million (state \$)}}$$

### **2.2.2 Additional state expenditures from CHOICE clients becoming eligible for the Medicaid Aged & Disabled waiver**

The number of CHOICE clients who would become eligible for the waiver is based on the total number of CHOICE clients with limitations in 3 or more activities of daily living (ADLs) whose income is at or above the 300% SSI standard (i.e., \$1,656 monthly).

There are approximately 983 CHOICE clients with incomes at about 300% of SSI. The annualized CHOICE expenditures for these individuals is \$4.7 million. Representation from the Indiana Association of Area Agencies on Aging states that 68% of the individuals on CHOICE with 3 ADLS and high-income levels would be ineligible for Medicaid because their resources would exceed the Medicaid requirements.<sup>7</sup> The additional state costs resulting from CHOICE clients becoming eligible for the Medicaid Aged & Disabled waiver is as follows.

- Total number of CHOICE clients with 3 ADLs with income equivalent to 300% SSI is 314 (i.e., 32% x 983).
- Total annualized CHOICE expenditures for these clients is about \$1.5 million {i.e., (\$4.7 million/983) x 314}.
- Additional state expenditures for 314 individuals moving from CHOICE to the waiver less CHOICE expenditures is:

$$(\$7,554 \times 314) - \$1.5 \text{ million} = \underline{\$0.9 \text{ million (state \$)}}$$

The increase in state expenditures is attributable to making all Medicaid State Plan services available to this population.

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<sup>7</sup> E-mail from Melissa Durr, Executive Director, IAAA dated February 12, 2003.

### **3. ESTIMATED FISCAL IMPACT TO MEDICAID OF PROVIDING MEDICAID WAIVER SERVICES INSTEAD OF NURSING FACILITY SERVICES**

#### **3.1 Estimated annual cost (or savings) of serving the CHOICE population on the Medicaid waiver instead of in nursing facilities**

- ❑ Average annual Medicaid expenditures for nursing facility residents, less patient liability is \$9,828 (state \$)
- ❑ Total annual cost of serving 314 CHOICE clients in nursing facility is \$3.1 million (i.e., \$9,828 x 314) state \$.
- ❑ Average annual Medicaid expenditures of moving 314 CHOICE clients to the Medicaid Aged & Disabled waiver is \$0.9 million (state \$)

Although the State savings from serving the CHOICE population on the Medicaid waiver compared to the nursing facility is \$2.2 million (state \$), these are not true savings since moving them to the waiver requires that Medicaid State Plan services must be made available to them. Therefore, the additional costs of serving them on the waiver is \$0.9 million (state \$)

#### **3.1 Estimated cost (or savings) of removing current Medicaid waiver recipients from spenddown compared to serving them in nursing facilities**

These individuals remain on the Medicaid Aged and Disabled Waiver while on spenddown. By raising the income standard, there is no savings to the State. These individuals do not go into a nursing facility as a result of having a spenddown. Thus, even after taking into account CHOICE funds used to meet all or part of the spenddown, the additional expenditures for the State total \$1.56 million (state \$). The only benefit is that those CHOICE funds used to meet the Medicaid spenddown can be utilized to serve other individuals with less than 3 ADL limitations and/or with income above 300% SSI.

#### **3.2 Total cost of expansion to 300% SSI**

Based on the estimates above, the addition costs (in State dollars only) of expanding eligibility to 300% SSI for the Aged & Disabled waiver is \$2.46 million.

### **4. SHORT AND LONG TERM IMPACT ON CASE MIX SYSTEM AND NURSING FACILITY REIMBURSEMENT**

In order to estimate the fiscal impact of increasing the income eligibility standard for the Aged and Disabled (A&D) Waiver to 300% of the SSI amount, it was

assumed that some recipients that would have been admitted to a nursing facility due to their income, would instead choose to obtain services in the community under the Medicaid A&D waiver, and would remain at home. Based on ad hoc analysis of Indiana's nursing facility MDS (minimum data set) data, it was also assumed that recipients that would have thus been diverted from being admitted to a nursing facility would classify in the lowest levels of the resident classification system (RUG-III), which are called "PA1" and "PB1." This is actually a very conservative approach, since a number of residents in higher levels may also be safely and cost-effectively served in the community if given the choice.

A model was developed to estimate the fiscal impact on Medicaid nursing facility expenditures if 200, 500, 1000 and 1500 recipients were diverted from nursing facility admission. The Medicaid nursing facility budget would be impacted in two ways. First, since Indiana Medicaid reimburses nursing facilities under a "case mix" methodology,<sup>8</sup> by removing residents in the lowest levels of the RUG-III system (all other things alike), the average nursing facility case mix index will increase, thus increasing average Medicaid rates for residents that remain in nursing facilities. This is summarized in the table below.

| <b>1. Estimated Increase in Nursing Facility Expenditures Due to Increasing Case Mix</b> |                  |                  |                  |                    |
|------------------------------------------------------------------------------------------|------------------|------------------|------------------|--------------------|
| <b>No. of Recipients Diverted to A&amp;D Waiver</b>                                      | <b>200</b>       | <b>500</b>       | <b>1000</b>      | <b>1500</b>        |
| Avg. Current Direct Care Medicaid Rate                                                   | \$51.25          | \$51.25          | \$51.25          | \$51.25            |
| Increase in rate due to Diversion                                                        | +\$ .05          | +\$ .12          | +\$ .25          | +\$ .39            |
| Adjusted Medicaid Direct Care Rate                                                       | \$51.30          | \$51.37          | \$51.50          | \$51.64            |
| Estimated Annual Medicaid Days of Remaining Nursing Facility Recipients                  | 9,981,600        | 9,954,000        | 9,908,000        | 9,862,000          |
| Total Estimated Increase in Medicaid NF Expenditures (State \$)                          | \$483,720        | \$1,227,786      | \$2,519,227      | \$3,878,345        |
|                                                                                          | <u>\$183,814</u> | <u>\$466,559</u> | <u>\$957,306</u> | <u>\$1,473,771</u> |

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<sup>8</sup> Case Mix reimbursement ties payment to the facility based on the level of resource needs of their residents. Higher needs or acuity residents generate higher reimbursement, and vice versa. The levels of case mix are based on individual resident assessment data that all facilities are required to submit called the "Minimum Data Set," or MDS.

Second, by diverting residents from nursing facility admission, Medicaid will not incur nursing facility expenditures for those recipients. This is summarized in the table below.

| <b>2. Estimated Decrease in Nursing Facility Expenditures Due to Fewer Nursing Facility Recipients</b> |                      |                      |                       |                       |
|--------------------------------------------------------------------------------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| <b>No. of Recipients Diverted to A&amp;D Waiver</b>                                                    | <b>200</b>           | <b>500</b>           | <b>1000</b>           | <b>1500</b>           |
| Average Medicaid Rate (excluding client liability amount)                                              | \$79.70              | \$79.70              | \$79.70               | \$79.70               |
| Total Estimated Annual Decrease in Medicaid Nursing Facility Expenditures (State \$)                   | (\$5,817,735)        | (\$14,544,338)       | (\$29,088,675)        | (\$43,633,013)        |
|                                                                                                        | <u>(\$2,210,739)</u> | <u>(\$5,530,648)</u> | <u>(\$11,053,697)</u> | <u>(\$16,580,545)</u> |

Net savings that can be achieved by serving low needs individuals in the community instead of in the nursing facility as show on the table below.

| <b>3. Estimated Savings in Nursing Facility Expenditures</b> |                      |                      |                      |                       |
|--------------------------------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>No. of Recipients Diverted to A&amp;D Waiver</b>          | <b>200</b>           | <b>500</b>           | <b>1,000</b>         | <b>1,500</b>          |
| Total annual estimated savings (state \$)                    | <u>(\$2,026,925)</u> | <u>(\$5,064,089)</u> | <u>(\$1,009,391)</u> | <u>(\$15,106,774)</u> |

The result of this analysis is as follows:

- ❑ The average Medicaid per person nursing facility reimbursement rate will *increase* as more elderly consumers are given the opportunity to receive services in the community. This increase in rates is appropriate, since nursing facilities would be serving persons with greater care needs;
- ❑ Total annual Medicaid nursing facility expenditures will, however, *decrease* significantly over time, assuming fewer people are served in nursing facilities.
- ❑ Per person Medicaid A& D Waiver costs would not be expected to increase since existing medical criteria already requires the Waiver to serve persons with nursing facility level of care needs.
- ❑ Total Medicaid A & D Waiver expenditures will thus increase proportionately with the number of diverted persons added.

As a result, total annual Medicaid expenditures can therefore be expected to *decrease* by the difference between the annual nursing facility savings and the additional waiver expenditures incurred by the diverted consumers.

## 5. CONCLUSION

The overall impact of increasing the income standard for Aged, Blind and Disabled populations on the Aged & Disabled Waiver is as follows:

- ❑ By increasing the income standard, individuals currently on the Aged & Disabled waiver with a spenddown will come off spenddown resulting in an *increase* in Medicaid expenditures for Aged & Disabled waiver recipients.
- ❑ Furthermore, Medicaid expenditures will *increase* due to eligible CHOICE recipients who would become eligible and be served on the Aged & Disabled waiver.
- ❑ The average Medicaid per person nursing facility reimbursement rate will *increase* as more elderly consumers are given the opportunity to receive services in the community. This increase in rates would be appropriate, assuming nursing facilities would be serving persons with greater care needs.
- ❑ Total annual Medicaid nursing facility expenditures will, however, *decrease* significantly over time, assuming fewer people receive services in nursing facilities.
- ❑ **The long-term net result to the Medicaid program depends on the number of low needs individuals who leave/are diverted from nursing facility placement.** The range is an estimated overall *increase* in net expenditures of more \$0.43 million (state \$) assuming 200 individuals are diverted from or leave nursing facilities or a *savings* of \$2.6 million (state \$) assuming 500 individuals are diverted from or leave nursing facilities.

However, because the change in number of residents in nursing facilities and CMI mix would only occur in the long term, **the immediate impact is an increase of \$2.46 million (state dollars)** in Medicaid expenditures from the proposed change in income standard. Long-term, savings will accrue proportionally with the number of individuals who remain in the community instead of going into the nursing facility.

The following factors will also influence the actual fiscal costs/(savings) throughout this document:

- ❑ Currently the Aged & Disabled wait list is less than 100 individuals statewide. It is expected that without an increase in the total number of funded slots on the Aged and Disabled Waiver, there will be a significant increase in the waiting list since more individuals would apply due to the higher income standard.
- ❑ This fiscal analysis is based on SFY2002 dollars, number of recipients and utilization. The Medicaid budget projects a 2.5% increase (state and federal \$) in overall nursing facility expenditures from SFY2003 to SFY2004. In addition, because a number of new services were added to the Aged Disabled waiver in the last year, there is no meaningful historical information to estimate the impact on overall waiver expenditures.



## APPENDIX A

### Summary of Aged & Disabled Waiver Recipients with Spenddown: SFY 2002 (Sorted by Min/Max monthly spenddown)

| MIN<br>Spenddown<br>amount | MAX<br>Spenddown<br>amount | Sum of<br>Spenddown<br>amounts | Number of<br>Months with<br>Spenddown |
|----------------------------|----------------------------|--------------------------------|---------------------------------------|
| \$1,490.00                 | \$1,490.00                 | \$4,470.00                     | 3                                     |
| \$1,338.00                 | \$1,338.00                 | \$16,056.00                    | 12                                    |
| \$1,287.00                 | \$1,287.00                 | \$15,444.00                    | 12                                    |
| \$1,263.00                 | \$1,263.00                 | \$5,052.00                     | 4                                     |
| \$1,215.00                 | \$1,215.00                 | \$6,075.00                     | 5                                     |
| \$1,096.00                 | \$1,096.00                 | \$13,152.00                    | 12                                    |
| \$1,092.00                 | \$1,092.00                 | \$13,104.00                    | 12                                    |
| \$1,082.00                 | \$1,082.00                 | \$5,410.00                     | 5                                     |
| \$1,033.00                 | \$1,033.00                 | \$8,264.00                     | 8                                     |
| \$1,013.00                 | \$1,013.00                 | \$9,117.00                     | 9                                     |
| \$1,012.00                 | \$1,012.00                 | \$4,048.00                     | 4                                     |
| \$995.00                   | \$995.00                   | \$3,980.00                     | 4                                     |
| \$949.00                   | \$949.00                   | \$6,643.00                     | 7                                     |
| \$948.00                   | \$948.00                   | \$4,740.00                     | 5                                     |
| \$938.00                   | \$938.00                   | \$2,814.00                     | 3                                     |
| \$930.00                   | \$930.00                   | \$2,790.00                     | 3                                     |
| \$890.00                   | \$890.00                   | \$10,680.00                    | 12                                    |
| \$890.00                   | \$890.00                   | \$9,790.00                     | 11                                    |
| \$887.00                   | \$887.00                   | \$10,644.00                    | 12                                    |
| \$881.00                   | \$881.00                   | \$10,572.00                    | 12                                    |
| \$878.00                   | \$878.00                   | \$10,536.00                    | 12                                    |
| \$848.00                   | \$848.00                   | \$10,176.00                    | 12                                    |
| \$845.00                   | \$845.00                   | \$8,450.00                     | 10                                    |
| \$845.00                   | \$845.00                   | \$3,380.00                     | 4                                     |
| \$840.00                   | \$840.00                   | \$10,080.00                    | 12                                    |
| \$837.00                   | \$837.00                   | \$10,044.00                    | 12                                    |
| \$835.00                   | \$835.00                   | \$9,185.00                     | 11                                    |
| \$819.00                   | \$819.00                   | \$819.00                       | 1                                     |
| \$817.00                   | \$817.00                   | \$9,804.00                     | 12                                    |
| \$810.00                   | \$810.00                   | \$8,910.00                     | 11                                    |
| \$809.00                   | \$809.00                   | \$3,236.00                     | 4                                     |
| \$808.00                   | \$808.00                   | \$3,232.00                     | 4                                     |
| \$802.00                   | \$802.00                   | \$5,614.00                     | 7                                     |
| \$782.00                   | \$782.00                   | \$2,346.00                     | 3                                     |
| \$781.00                   | \$781.00                   | \$9,372.00                     | 12                                    |
| \$779.00                   | \$779.00                   | \$779.00                       | 1                                     |
| \$774.00                   | \$774.00                   | \$774.00                       | 1                                     |
| \$769.00                   | \$769.00                   | \$6,921.00                     | 9                                     |
| \$766.00                   | \$766.00                   | \$766.00                       | 1                                     |
| \$764.00                   | \$764.00                   | \$3,820.00                     | 5                                     |
| \$762.00                   | \$762.00                   | \$2,286.00                     | 3                                     |
| \$753.00                   | \$753.00                   | \$9,036.00                     | 12                                    |
| \$750.00                   | \$750.00                   | \$5,250.00                     | 7                                     |

## APPENDIX A

### Summary of Aged & Disabled Waiver Recipients with Spenddown: SFY 2002 (Sorted by Min/Max monthly spenddown)

| MIN<br>Spenddown<br>amount | MAX<br>Spenddown<br>amount | Sum of<br>Spenddown<br>amounts | Number of<br>Months with<br>Spenddown |
|----------------------------|----------------------------|--------------------------------|---------------------------------------|
| \$748.00                   | \$748.00                   | \$3,740.00                     | 5                                     |
| \$748.00                   | \$748.00                   | \$748.00                       | 1                                     |
| \$746.00                   | \$746.00                   | \$5,222.00                     | 7                                     |
| \$742.00                   | \$742.00                   | \$3,710.00                     | 5                                     |
| \$739.00                   | \$739.00                   | \$3,695.00                     | 5                                     |
| \$733.00                   | \$733.00                   | \$733.00                       | 1                                     |
| \$732.00                   | \$732.00                   | \$5,124.00                     | 7                                     |
| \$730.00                   | \$730.00                   | \$8,760.00                     | 12                                    |
| \$727.00                   | \$727.00                   | \$8,724.00                     | 12                                    |
| \$727.00                   | \$727.00                   | \$5,089.00                     | 7                                     |
| \$724.00                   | \$724.00                   | \$8,688.00                     | 12                                    |
| \$718.00                   | \$718.00                   | \$2,154.00                     | 3                                     |
| \$716.00                   | \$716.00                   | \$4,296.00                     | 6                                     |
| \$704.00                   | \$704.00                   | \$6,336.00                     | 9                                     |
| \$700.00                   | \$700.00                   | \$8,400.00                     | 12                                    |
| \$699.00                   | \$699.00                   | \$3,495.00                     | 5                                     |
| \$697.00                   | \$697.00                   | \$2,788.00                     | 4                                     |
| \$695.00                   | \$695.00                   | \$8,340.00                     | 12                                    |
| \$694.00                   | \$694.00                   | \$6,940.00                     | 10                                    |
| \$687.00                   | \$687.00                   | \$1,374.00                     | 2                                     |
| \$686.00                   | \$686.00                   | \$686.00                       | 1                                     |
| \$682.00                   | \$682.00                   | \$682.00                       | 1                                     |
| \$681.00                   | \$681.00                   | \$6,810.00                     | 10                                    |
| \$681.00                   | \$681.00                   | \$2,724.00                     | 4                                     |
| \$681.00                   | \$681.00                   | \$2,724.00                     | 4                                     |
| \$678.00                   | \$678.00                   | \$6,780.00                     | 10                                    |
| \$678.00                   | \$678.00                   | \$678.00                       | 1                                     |
| \$676.00                   | \$676.00                   | \$8,112.00                     | 12                                    |
| \$676.00                   | \$676.00                   | \$1,352.00                     | 2                                     |
| \$675.00                   | \$675.00                   | \$2,025.00                     | 3                                     |
| \$674.00                   | \$674.00                   | \$5,392.00                     | 8                                     |
| \$672.00                   | \$672.00                   | \$6,720.00                     | 10                                    |
| \$672.00                   | \$672.00                   | \$5,376.00                     | 8                                     |
| \$672.00                   | \$672.00                   | \$4,704.00                     | 7                                     |
| \$670.00                   | \$670.00                   | \$4,690.00                     | 7                                     |
| \$663.00                   | \$663.00                   | \$5,304.00                     | 8                                     |
| \$661.00                   | \$661.00                   | \$1,983.00                     | 3                                     |
| \$659.00                   | \$659.00                   | \$3,954.00                     | 6                                     |
| \$658.00                   | \$658.00                   | \$7,896.00                     | 12                                    |
| \$657.00                   | \$657.00                   | \$5,913.00                     | 9                                     |
| \$656.00                   | \$656.00                   | \$3,936.00                     | 6                                     |
| \$655.00                   | \$655.00                   | \$7,860.00                     | 12                                    |
| \$650.00                   | \$650.00                   | \$7,800.00                     | 12                                    |

## APPENDIX A

### Summary of Aged & Disabled Waiver Recipients with Spenddown: SFY 2002 (Sorted by Min/Max monthly spenddown)

| MIN<br>Spenddown<br>amount | MAX<br>Spenddown<br>amount | Sum of<br>Spenddown<br>amounts | Number of<br>Months with<br>Spenddown |
|----------------------------|----------------------------|--------------------------------|---------------------------------------|
| \$649.00                   | \$649.00                   | \$1,298.00                     | 2                                     |
| \$646.00                   | \$646.00                   | \$3,876.00                     | 6                                     |
| \$646.00                   | \$646.00                   | \$3,230.00                     | 5                                     |
| \$646.00                   | \$646.00                   | \$3,230.00                     | 5                                     |
| \$644.00                   | \$644.00                   | \$3,220.00                     | 5                                     |
| \$638.00                   | \$638.00                   | \$1,276.00                     | 2                                     |
| \$637.00                   | \$637.00                   | \$4,459.00                     | 7                                     |
| \$636.00                   | \$636.00                   | \$7,632.00                     | 12                                    |
| \$636.00                   | \$636.00                   | \$1,908.00                     | 3                                     |
| \$634.00                   | \$634.00                   | \$6,974.00                     | 11                                    |
| \$628.00                   | \$628.00                   | \$7,536.00                     | 12                                    |
| \$627.00                   | \$627.00                   | \$6,270.00                     | 10                                    |
| \$626.00                   | \$626.00                   | \$626.00                       | 1                                     |
| \$625.00                   | \$625.00                   | \$1,875.00                     | 3                                     |
| \$624.00                   | \$624.00                   | \$7,488.00                     | 12                                    |
| \$623.00                   | \$623.00                   | \$7,476.00                     | 12                                    |
| \$623.00                   | \$623.00                   | \$1,869.00                     | 3                                     |
| \$623.00                   | \$623.00                   | \$1,869.00                     | 3                                     |
| \$620.00                   | \$620.00                   | \$5,580.00                     | 9                                     |
| \$619.00                   | \$619.00                   | \$4,952.00                     | 8                                     |
| \$618.00                   | \$618.00                   | \$6,180.00                     | 10                                    |
| \$616.00                   | \$616.00                   | \$7,392.00                     | 12                                    |
| \$616.00                   | \$616.00                   | \$2,464.00                     | 4                                     |
| \$616.00                   | \$616.00                   | \$1,848.00                     | 3                                     |
| \$616.00                   | \$616.00                   | \$1,232.00                     | 2                                     |
| \$614.00                   | \$614.00                   | \$2,456.00                     | 4                                     |
| \$614.00                   | \$614.00                   | \$1,228.00                     | 2                                     |
| \$613.00                   | \$613.00                   | \$6,743.00                     | 11                                    |
| \$612.00                   | \$612.00                   | \$7,344.00                     | 12                                    |
| \$612.00                   | \$612.00                   | \$2,448.00                     | 4                                     |
| \$612.00                   | \$612.00                   | \$2,448.00                     | 4                                     |
| \$611.00                   | \$611.00                   | \$5,499.00                     | 9                                     |
| \$610.00                   | \$610.00                   | \$1,220.00                     | 2                                     |
| \$609.00                   | \$609.00                   | \$1,218.00                     | 2                                     |
| \$608.00                   | \$608.00                   | \$2,432.00                     | 4                                     |
| \$602.00                   | \$602.00                   | \$2,408.00                     | 4                                     |
| \$597.00                   | \$597.00                   | \$1,791.00                     | 3                                     |
| \$590.00                   | \$590.00                   | \$3,540.00                     | 6                                     |
| \$590.00                   | \$590.00                   | \$2,360.00                     | 4                                     |
| \$588.00                   | \$588.00                   | \$7,056.00                     | 12                                    |
| \$588.00                   | \$588.00                   | \$2,352.00                     | 4                                     |
| \$586.00                   | \$586.00                   | \$2,344.00                     | 4                                     |
| \$586.00                   | \$586.00                   | \$1,172.00                     | 2                                     |

## APPENDIX A

### Summary of Aged & Disabled Waiver Recipients with Spenddown: SFY 2002 (Sorted by Min/Max monthly spenddown)

| MIN<br>Spenddown<br>amount | MAX<br>Spenddown<br>amount | Sum of<br>Spenddown<br>amounts | Number of<br>Months with<br>Spenddown |
|----------------------------|----------------------------|--------------------------------|---------------------------------------|
| \$585.00                   | \$585.00                   | \$1,755.00                     | 3                                     |
| \$582.00                   | \$582.00                   | \$5,820.00                     | 10                                    |
| \$582.00                   | \$582.00                   | \$2,910.00                     | 5                                     |
| \$581.00                   | \$581.00                   | \$4,067.00                     | 7                                     |
| \$579.00                   | \$579.00                   | \$1,737.00                     | 3                                     |
| \$577.00                   | \$577.00                   | \$6,924.00                     | 12                                    |
| \$577.00                   | \$577.00                   | \$4,616.00                     | 8                                     |
| \$576.00                   | \$576.00                   | \$576.00                       | 1                                     |
| \$573.00                   | \$573.00                   | \$4,011.00                     | 7                                     |
| \$573.00                   | \$573.00                   | \$2,292.00                     | 4                                     |
| \$569.00                   | \$569.00                   | \$5,690.00                     | 10                                    |
| \$567.00                   | \$567.00                   | \$2,268.00                     | 4                                     |
| \$565.00                   | \$565.00                   | \$2,260.00                     | 4                                     |
| \$563.00                   | \$563.00                   | \$6,756.00                     | 12                                    |
| \$561.00                   | \$561.00                   | \$1,683.00                     | 3                                     |
| \$560.00                   | \$560.00                   | \$6,720.00                     | 12                                    |
| \$560.00                   | \$560.00                   | \$3,360.00                     | 6                                     |
| \$557.00                   | \$557.00                   | \$6,127.00                     | 11                                    |
| \$556.00                   | \$556.00                   | \$2,224.00                     | 4                                     |
| \$553.00                   | \$553.00                   | \$1,106.00                     | 2                                     |
| \$551.00                   | \$551.00                   | \$6,612.00                     | 12                                    |
| \$550.00                   | \$550.00                   | \$6,600.00                     | 12                                    |
| \$548.00                   | \$548.00                   | \$1,644.00                     | 3                                     |
| \$546.00                   | \$546.00                   | \$6,552.00                     | 12                                    |
| \$546.00                   | \$546.00                   | \$6,552.00                     | 12                                    |
| \$545.00                   | \$545.00                   | \$6,540.00                     | 12                                    |
| \$544.00                   | \$544.00                   | \$6,528.00                     | 12                                    |
| \$544.00                   | \$544.00                   | \$544.00                       | 1                                     |
| \$542.00                   | \$542.00                   | \$6,504.00                     | 12                                    |
| \$541.00                   | \$541.00                   | \$6,492.00                     | 12                                    |
| \$541.00                   | \$541.00                   | \$6,492.00                     | 12                                    |
| \$540.00                   | \$540.00                   | \$6,480.00                     | 12                                    |
| \$539.00                   | \$539.00                   | \$6,468.00                     | 12                                    |
| \$533.00                   | \$533.00                   | \$6,396.00                     | 12                                    |
| \$532.00                   | \$532.00                   | \$1,596.00                     | 3                                     |
| \$531.00                   | \$531.00                   | \$6,372.00                     | 12                                    |
| \$529.00                   | \$529.00                   | \$5,819.00                     | 11                                    |
| \$526.00                   | \$526.00                   | \$6,312.00                     | 12                                    |
| \$522.00                   | \$522.00                   | \$3,654.00                     | 7                                     |
| \$520.00                   | \$520.00                   | \$6,240.00                     | 12                                    |
| \$519.00                   | \$519.00                   | \$1,557.00                     | 3                                     |
| \$518.00                   | \$518.00                   | \$2,072.00                     | 4                                     |
| \$517.00                   | \$517.00                   | \$1,551.00                     | 3                                     |

## APPENDIX A

### Summary of Aged & Disabled Waiver Recipients with Spenddown: SFY 2002 (Sorted by Min/Max monthly spenddown)

| MIN<br>Spenddown<br>amount | MAX<br>Spenddown<br>amount | Sum of<br>Spenddown<br>amounts | Number of<br>Months with<br>Spenddown |
|----------------------------|----------------------------|--------------------------------|---------------------------------------|
| \$515.00                   | \$515.00                   | \$2,575.00                     | 5                                     |
| \$514.00                   | \$514.00                   | \$4,112.00                     | 8                                     |
| \$514.00                   | \$514.00                   | \$3,598.00                     | 7                                     |
| \$513.00                   | \$513.00                   | \$6,156.00                     | 12                                    |
| \$513.00                   | \$513.00                   | \$6,156.00                     | 12                                    |
| \$512.00                   | \$512.00                   | \$6,144.00                     | 12                                    |
| \$512.00                   | \$512.00                   | \$6,144.00                     | 12                                    |
| \$512.00                   | \$512.00                   | \$5,632.00                     | 11                                    |
| \$511.00                   | \$511.00                   | \$6,132.00                     | 12                                    |
| \$509.00                   | \$509.00                   | \$6,108.00                     | 12                                    |
| \$508.00                   | \$508.00                   | \$6,096.00                     | 12                                    |
| \$508.00                   | \$508.00                   | \$2,032.00                     | 4                                     |
| \$507.00                   | \$507.00                   | \$6,084.00                     | 12                                    |
| \$506.00                   | \$506.00                   | \$1,518.00                     | 3                                     |
| \$505.00                   | \$505.00                   | \$2,020.00                     | 4                                     |
| \$504.00                   | \$504.00                   | \$5,040.00                     | 10                                    |
| \$499.00                   | \$499.00                   | \$4,491.00                     | 9                                     |
| \$498.00                   | \$498.00                   | \$996.00                       | 2                                     |
| \$497.00                   | \$497.00                   | \$4,970.00                     | 10                                    |
| \$496.00                   | \$496.00                   | \$3,472.00                     | 7                                     |
| \$491.00                   | \$491.00                   | \$5,892.00                     | 12                                    |
| \$490.00                   | \$490.00                   | \$5,880.00                     | 12                                    |
| \$490.00                   | \$490.00                   | \$1,470.00                     | 3                                     |
| \$487.00                   | \$487.00                   | \$5,844.00                     | 12                                    |
| \$484.00                   | \$484.00                   | \$5,808.00                     | 12                                    |
| \$484.00                   | \$484.00                   | \$484.00                       | 1                                     |
| \$483.00                   | \$483.00                   | \$483.00                       | 1                                     |
| \$482.00                   | \$482.00                   | \$5,784.00                     | 12                                    |
| \$477.00                   | \$477.00                   | \$954.00                       | 2                                     |
| \$474.00                   | \$474.00                   | \$1,422.00                     | 3                                     |
| \$470.00                   | \$470.00                   | \$940.00                       | 2                                     |
| \$469.00                   | \$469.00                   | \$5,628.00                     | 12                                    |
| \$469.00                   | \$469.00                   | \$2,345.00                     | 5                                     |
| \$464.00                   | \$464.00                   | \$5,568.00                     | 12                                    |
| \$458.00                   | \$458.00                   | \$5,496.00                     | 12                                    |
| \$450.00                   | \$450.00                   | \$2,700.00                     | 6                                     |
| \$440.00                   | \$440.00                   | \$3,080.00                     | 7                                     |
| \$437.00                   | \$437.00                   | \$5,244.00                     | 12                                    |
| \$436.00                   | \$436.00                   | \$1,308.00                     | 3                                     |
| \$433.00                   | \$433.00                   | \$5,196.00                     | 12                                    |
| \$432.00                   | \$432.00                   | \$5,184.00                     | 12                                    |
| \$432.00                   | \$432.00                   | \$5,184.00                     | 12                                    |
| \$430.00                   | \$430.00                   | \$5,160.00                     | 12                                    |

## APPENDIX A

### Summary of Aged & Disabled Waiver Recipients with Spenddown: SFY 2002 (Sorted by Min/Max monthly spenddown)

| MIN<br>Spenddown<br>amount | MAX<br>Spenddown<br>amount | Sum of<br>Spenddown<br>amounts | Number of<br>Months with<br>Spenddown |
|----------------------------|----------------------------|--------------------------------|---------------------------------------|
| \$429.00                   | \$429.00                   | \$858.00                       | 2                                     |
| \$423.00                   | \$423.00                   | \$1,692.00                     | 4                                     |
| \$415.00                   | \$415.00                   | \$1,660.00                     | 4                                     |
| \$413.00                   | \$413.00                   | \$2,065.00                     | 5                                     |
| \$412.00                   | \$412.00                   | \$4,944.00                     | 12                                    |
| \$401.00                   | \$401.00                   | \$4,812.00                     | 12                                    |
| \$396.00                   | \$396.00                   | \$2,376.00                     | 6                                     |
| \$388.00                   | \$388.00                   | \$4,656.00                     | 12                                    |
| \$386.00                   | \$386.00                   | \$1,930.00                     | 5                                     |
| \$375.00                   | \$375.00                   | \$4,500.00                     | 12                                    |
| \$366.00                   | \$366.00                   | \$1,098.00                     | 3                                     |
| \$351.00                   | \$351.00                   | \$4,212.00                     | 12                                    |
| \$349.00                   | \$349.00                   | \$3,839.00                     | 11                                    |
| \$344.00                   | \$344.00                   | \$344.00                       | 1                                     |
| \$343.00                   | \$343.00                   | \$1,372.00                     | 4                                     |
| \$324.00                   | \$324.00                   | \$3,888.00                     | 12                                    |
| \$310.00                   | \$310.00                   | \$3,720.00                     | 12                                    |
| \$297.00                   | \$297.00                   | \$3,564.00                     | 12                                    |
| \$273.00                   | \$273.00                   | \$3,276.00                     | 12                                    |
| \$270.00                   | \$270.00                   | \$2,700.00                     | 10                                    |
| \$256.00                   | \$256.00                   | \$1,792.00                     | 7                                     |
| \$246.00                   | \$246.00                   | \$2,952.00                     | 12                                    |
| \$226.00                   | \$226.00                   | \$2,712.00                     | 12                                    |
| \$211.00                   | \$211.00                   | \$844.00                       | 4                                     |
| \$189.00                   | \$189.00                   | \$2,268.00                     | 12                                    |
| \$187.00                   | \$187.00                   | \$1,683.00                     | 9                                     |
| \$168.00                   | \$168.00                   | \$2,016.00                     | 12                                    |
| \$149.00                   | \$149.00                   | \$745.00                       | 5                                     |
| \$125.00                   | \$125.00                   | \$625.00                       | 5                                     |
| \$117.00                   | \$117.00                   | \$1,404.00                     | 12                                    |
| \$117.00                   | \$117.00                   | \$234.00                       | 2                                     |
| \$115.00                   | \$115.00                   | \$1,380.00                     | 12                                    |
| \$89.00                    | \$89.00                    | \$1,068.00                     | 12                                    |
| \$89.00                    | \$89.00                    | \$890.00                       | 10                                    |
| \$88.00                    | \$88.00                    | \$1,056.00                     | 12                                    |
| \$79.00                    | \$79.00                    | \$948.00                       | 12                                    |
| \$56.00                    | \$56.00                    | \$168.00                       | 3                                     |
| \$52.00                    | \$52.00                    | \$572.00                       | 11                                    |
| \$47.00                    | \$47.00                    | \$564.00                       | 12                                    |
| \$38.00                    | \$38.00                    | \$76.00                        | 2                                     |
| \$5.00                     | \$5.00                     | \$60.00                        | 12                                    |
| \$4.00                     | \$4.00                     | \$48.00                        | 12                                    |
|                            |                            | <b>\$1,104,557.00</b>          | <b>1942</b>                           |

## APPENDIX A

**Table 1. CHOICE & Spendown  
Comparison**

| <b>Annual<br/>Spenddown<br/>Amount</b> | <b>Annual CHOICE<br/>amount</b> |
|----------------------------------------|---------------------------------|
| \$6,096.00                             | \$27.40                         |
| \$2,700.00                             | \$27.63                         |
| \$3,495.00                             | \$28.14                         |
| \$2,286.00                             | \$34.08                         |
| \$572.00                               | \$36.84                         |
| \$7,632.00                             | \$37.52                         |
| \$6,756.00                             | \$55.26                         |
| \$819.00                               | \$68.00                         |
| \$4,491.00                             | \$72.00                         |
| \$948.00                               | \$73.68                         |
| \$5,690.00                             | \$73.68                         |
| \$2,352.00                             | \$90.00                         |
| \$6,720.00                             | \$178.38                        |
| \$748.00                               | \$199.50                        |
| \$2,065.00                             | \$205.50                        |
| \$483.00                               | \$240.00                        |
| \$76.00                                | \$275.00                        |
| \$3,230.00                             | \$306.00                        |
| \$4,690.00                             | \$307.27                        |
| \$6,396.00                             | \$333.75                        |
| \$1,298.00                             | \$375.00                        |
| \$3,564.00                             | \$524.97                        |
| \$3,276.00                             | \$525.83                        |
| \$5,913.00                             | \$536.55                        |
| \$7,896.00                             | \$543.39                        |
| \$1,470.00                             | \$749.65                        |
| \$2,575.00                             | \$910.20                        |
| \$4,812.00                             | \$917.50                        |
| \$10,680.00                            | \$954.60                        |
| \$5,614.00                             | \$990.00                        |
| \$16,056.00                            | \$1,035.32                      |
| \$6,974.00                             | \$1,036.81                      |
| \$8,910.00                             | \$1,056.81                      |
| \$1,352.00                             | \$1,103.91                      |
| \$5,784.00                             | \$1,193.24                      |
| \$6,921.00                             | \$1,298.54                      |
| \$5,304.00                             | \$1,482.77                      |
| \$6,810.00                             | \$1,674.40                      |
| \$1,848.00                             | \$1,701.97                      |
| \$2,344.00                             | \$1,796.64                      |
| \$5,880.00                             | \$1,877.30                      |
| \$6,468.00                             | \$2,005.48                      |
| \$1,869.00                             | \$2,088.72                      |
| \$8,400.00                             | \$2,096.00                      |
| \$3,236.00                             | \$2,106.00                      |
| \$2,016.00                             | \$2,256.00                      |

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| <b>Annual<br/>Spendeddown<br/>Amount</b> | <b>Annual CHOICE<br/>amount</b> |
|------------------------------------------|---------------------------------|
| \$10,176.00                              | \$2,520.50                      |
| \$576.00                                 | \$2,778.40                      |
| \$6,156.00                               | \$2,871.00                      |
| \$7,056.00                               | \$2,904.00                      |
| \$168.00                                 | \$2,943.00                      |
| \$6,940.00                               | \$2,947.67                      |
| \$4,952.00                               | \$3,027.37                      |
| \$3,888.00                               | \$3,116.16                      |
| \$2,456.00                               | \$3,140.28                      |
| \$8,724.00                               | \$3,303.00                      |
| \$2,292.00                               | \$3,306.75                      |
| \$6,144.00                               | \$3,402.00                      |
| \$3,740.00                               | \$3,660.00                      |
| \$2,032.00                               | \$3,976.26                      |
| \$3,980.00                               | \$4,213.33                      |
| \$1,930.00                               | \$4,223.17                      |
| \$8,264.00                               | \$4,744.00                      |
| \$5,568.00                               | \$5,065.00                      |
| \$1,106.00                               | \$5,179.50                      |
| \$13,104.00                              | \$5,182.03                      |
| \$2,814.00                               | \$5,238.15                      |
| \$2,432.00                               | \$5,385.55                      |
| \$5,410.00                               | \$5,608.21                      |
| \$779.00                                 | \$6,893.70                      |
| \$1,551.00                               | \$10,536.45                     |
| \$1,098.00                               | \$11,232.00                     |
| \$4,740.00                               | \$12,886.00                     |
| \$234.00                                 | \$15,095.70                     |
| \$2,020.00                               | \$15,139.94                     |
| <b>\$325,845.00</b>                      | <b>\$196,026.35</b>             |



## APPENDIX A

**Table 2. Summary CHOICE and Aged & Disabled Waiver Comparison**

|       |                                                      |                |
|-------|------------------------------------------------------|----------------|
| A.    | Total Spenddown Amount for all A&D Recipients        | \$1,104,557.00 |
| B.    | Total Spenddown Amount for A&D Recipients on CHOICE  | \$325,845.00   |
| C.    | CHOICE amount for A&D Recipients on Spenddown        | \$196,026.35   |
| D=C/A | Percent of total spenddown amount paid by CHOICE     | 17.75%         |
| E=C/B | Percent of total spenddown amount paid by CHOICE for | 60.16%         |

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| <b>AAA</b> | <b>200% Client<br/>Count</b> | <b>200% Annualized<br/>CHOICE Amount</b> |
|------------|------------------------------|------------------------------------------|
| 1          | 102                          | \$549,775                                |
| 2          | 92                           | \$435,980                                |
| 3          | 91                           | \$558,041                                |
| 4          | 66                           | \$276,837                                |
| 5          | 56                           | \$142,859                                |
| 6          | 78                           | \$285,859                                |
| 7          | 36                           | \$200,045                                |
| 8          | 176                          | \$1,129,110                              |
| 9          | 28                           | \$100,750                                |
| 10         | 13                           | \$23,940                                 |
| 11         | 22                           | \$66,146                                 |
| 12         | 33                           | \$82,580                                 |
| 13         | 57                           | \$141,183                                |
| 14         | 65                           | \$294,473                                |
| 15         | 25                           | \$154,276                                |
| 16         | 43                           | \$250,084                                |
| Total      | 983                          | \$4,691,938                              |

## APPENDIX A

**Table 1. IMMEDIATE IMPACT ON MEDICAID**

|                                                               |                       |
|---------------------------------------------------------------|-----------------------|
| 1. Additional cost of current A&D waiver spenddown recipients |                       |
| Average Medicaid cost (waiver & medical)                      | \$7,554               |
| Less average CHOICE (spenddown) cost                          | \$1,483               |
| x Total number of recipients off spenddown                    | 257                   |
| Total additional costs                                        | \$1.56 million        |
| 2. Additional cost of CHOICE recipients to A&D waiver         |                       |
| Average Medicaid cost (waiver & medical)                      | \$7,554               |
| x Number of CHOICE recipients to A&D waiver                   | 314                   |
| Less total CHOICE costs for these recipients                  | \$1.5 million         |
| Total additional costs                                        | \$0.9 million         |
| <b>3. Total Estimated Costs of 300% SSI</b>                   | <b>\$2.46 million</b> |

## APPENDIX A

**Table 2. LONG TERM IMPACT ON NURSING FACILITY REIMBURSEMENT**

| <b>IMPACT ON NURSING FACILITY REIMBURSEMENT</b>                                                              |                              |                               |
|--------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------|
|                                                                                                              | <b>Number of Residents</b>   |                               |
|                                                                                                              | <b>200</b>                   | <b>500</b>                    |
| 1. Estimated <i>decrease</i> in annual nursing facility expenditures due to fewer nursing facility residents | (\$2.21) million             | (\$5.53) million              |
| 2. Estimated <i>increase</i> in Medicaid expenditures due to increasing case mix                             | \$183,814                    | \$466,559                     |
| 3. Net savings                                                                                               | (\$2.03) million             | (\$5.06) million              |
| <br><b>OVERALL IMPACT OF INCREASE IN INCOME STANDARD TO 300% SSI</b>                                         |                              |                               |
| 1. Additional Medicaid costs on Waiver & Medical services                                                    | \$2.46 million               | \$2.46 million                |
| 2. Estimated savings from nursing facility reimbursement                                                     | (\$2.03) million             | (\$5.06) million              |
| <b>3. Grand Total Estimated Costs or (Savings)</b>                                                           | <b><u>\$0.43 million</u></b> | <b><u>(\$2.6) million</u></b> |